



DEFENSE FINANCE AND ACCOUNTING SERVICE
ARLINGTON

1931 JEFFERSON DAVIS HIGHWAY
ARLINGTON VA 22240-5291



DFAS-DFM

FEB 02 2004

MEMORANDUM FOR DIRECTOR, MILITARY PAY OPERATIONS, DEFENSE
FINANCE AND ACCOUNTING SERVICE (PM/CL)

SUBJECT: Interim Change to the DoDFMR, Volume 7A, Computation of Basic Pay Rates for
Commissioned Officers with Prior Enlisted or Warrant Officer Service (DFAS
Item # M-55)

The attached is interim change 08-04 to Chapter 1 of the Defense Financial Management Regulation (DoDFMR), Volume 7A. This change revises the computation of basic pay rates for certain commissioned officers with prior enlisted or warrant officer service. It should be noted that interim change 23-03 consolidated Chapters 1 through 4 into Chapter 1.

We have evaluated your comments on the proposed change and included your comments where appropriate. Assignment of the interim change number is your authority to initiate procedural modifications to implement this change. Use the attached to initiate the formal change to the DoDFMR, Volume 7A.

Gloria D. Harris
For Jerry S. Hinton
Director for Finance

Attachment:
As stated

cc: OUSD(C) ODCFO (FC)
DUSD (MPP)(COMP)
ODGC (F)
DFAS-GAM/DE
Service Liaisons
USCG/NOAA/PHS Liaisons
DFAS-PMJE/DE
DFAS-PMA/CL
DFAS-DDM/CL

Analysis of the Interim Change

Certain commissioned officers in pay grades O-1, O-2, or O-3 with prior service as a warrant officer or enlisted member are entitled to the special rate of basic pay for pay grade O-1E, O-2E, or O-3E. Effective January 1, 2002, a commissioned officer who accrues more than 1,460 points (earned while the officer was a warrant officer or enlisted member) computed under 10 U.S.C. 12732(a)(2) and who is paid from Reserve appropriated funds is entitled to the special rate of basic pay. With the enactment of Public Law 108-136 on November 24, 2003, this restriction was deleted and any commissioned officer who has accrued more than 1,460 points while serving as an enlisted member or a warrant officer is now entitled to the special rate of basic pay.

1. Add the following subparagraph 010103.A(6) as follows:

6. Creditable Service for Certain Commissioned Officers. Effective November 24, 2003, the restriction that members must be paid from reserve appropriated funds to qualify for the special rate of basic pay for pay grades, O-1E, O-2E, and O-3E based upon creditable service points is eliminated. Therefore, effective that date, commissioned officers in pay grades O-1 through O-3 with more than 1,460 points computed under 10 U.S.C. 12732a(2) for service as a warrant officer and/or an enlisted member are entitled to the special rate of pay. For example: A former enlisted member with a 4 year enlistment, who is discharged at the end of active duty obligation and subsequently comes on active duty as a commissioned officer would not be entitled to the special rate of basic pay. He or she would not be to this special rate of basic pay under this subparagraph because he did not have more than 4 years of active duty.